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SUBJECT: SECRETARY CHAO'S MEETING WITH ARGENTINE MINISTER OF LABOR

11. (SBU) Begin Summary and Introduction: Secretary Chao, head of the U.S. delegation to the presidential inauguration of Cristina Fernandez de Kirchner, met with Argentine Labor Minister Carlos Tomada on December 10. The Secretary conveyed U.S. support for International Labor Organization (ILO) standards which the U.S. has incorporated into trade agreements, and Tomada praised the ILO's "Decent Work" initiative. Secretary Chao explained that the U.S. approach to creating well-paid jobs centered on investing to improve the skills of its workforce. She described the assistance provided to U.S. workers displaced by trade agreements and federal-state partnerships to help workers throughout the U.S. This frank discussion of several issues of great relevance to the GOA served us well in renewing Tomada's interest in closer cooperation with the U.S. End Summary/Introduction.

12. (U) Elaine Chao, U.S. Secretary of Labor, met at the Ambassador's Residence with Argentine Labor Minister Carlos Tomada a few hours before the December 10 swearing-in of President-elect Cristina Fernandez de Kirchner (CFK). They recalled their previous meeting and the excellent cooperation and extensive contacts between their staffs. The Secretary was accompanied by the Ambassador, DOL Deputy Under Secretary for International Relations Charlotte Ponticelli, and Polcouns Alexander Featherstone (notetaker). Minister Tomada was accompanied by his chief of staff, Norberto Ciaravino, and Director of International Affairs, Julio Rosales. Secretary Chao congratulated Tomada on CFK's vote of confidence in asking him to stay in his position, and she invited him and his team to visit Washington at any time. Tomada said he had accepted the renewal of his cabinet position to help the new administration continue and deepen the implementation of Nestor Kirchner's economic and social model within a democratic framework. Argentina needed to re-insert itself into the international community and attract greater investment, he said.

International Labor Organization

13. (SBU) In response to a question from Minister Tomada, Secretary Chao said that the U.S., as the biggest financial contributor to the ILO, tried to work within the ILO framework but has tried to avoid its internal politics. She noted there were countries that did not like the ILO tripartite agreement, and that some European countries were increasingly vocal about their unhappiness with the ILO. She said DG Somavia had done a good job and appeared to be well-positioned to win his bid for a third consecutive term. His globalization study had received much attention. The U.S. supported International Labor Organization (ILO) standards which had been incorporated into recent trade agreements.

14. (SBU) Tomada said he thought the ILO had made a significant contribution by getting its "Decent Work" initiative on the agenda of not just the ILO but the entire UN system. Tomada said he believed in UN reform writ large and that the ILO, in particular, needed to keep pace with global changes. Worldwide, people were looking to their governments to establish the conditions necessary

to generate employment, and in the context of globalization, Tomada thought the ILO's "Decent Work" initiative sent an important message. Tomada agreed that Somavia had done a satisfactory job at the head of the ILO.

Generating Skilled Employment with Decent Pay

15. (SBU) Secretary Chao stressed U.S. support for decent wages. She said the U.S. was not interested in low-paying jobs; it was looking to create jobs through the private sector that were sustainable in the long-term. She noted that U.S. unemployment was down to 4.7%, that 94,000 jobs had been created in November alone, and that 51 straight months of employment growth had yielded 8.4 million new jobs. Secretary Chao said the U.S. goal was to continue to create well-paying jobs, and the U.S. method of ensuring decent pay was tied to constant investment in the workforce to maintain higher skills. Secretary Chao noted that two-thirds of new jobs were skilled, requiring high school or post-secondary education. In addition to the major investment made by large U.S. companies in workforce training, DOL deployed \$50 billion annually to training programs. She pointed out that a key aspect of the U.S. labor market was worker mobility. There were 151 million workers in the U.S. economy, and every year 50 million jobs changed hands. This was mostly the result of workers moving to better jobs. As a result of the constant search for better opportunities, the average 40-year-old worker in the U.S. had held 10 jobs.

16. (SBU) Secretary Chao added that U.S. workers enjoyed a significant safety net, with a rich benefit package. She said that in cases of job loss due to trade dislocation, benefits (depending on the state of employment) included up to two years of unemployment insurance, two years of training, two years of child care and other assistance, and 65% of health care. Displaced workers over the age of 50 who were re-hired at lower pay could get 50% of the difference from the government. She said there were some in the U.S. Congress pushing for four years of benefits, but the Administration considered four years too long, since the idea was to get these workers back into the labor market.

Federal-State Partnerships to Help Workers

17. (SBU) The Secretary noted that DOL often worked through state governments. She said the U.S. believed in decentralization, and although this made it more challenging to manage a system that could be quite diffuse, it had its advantages. In partnership with state and local government, DOL had "one-stop centers" governed by boards with local members, allowing communities to set priorities for their local one-stop labor centers and gear training opportunities toward local labor market conditions.

18. (SBU) Minister Tomada said he found the Secretary's comments instructive because Argentina also had a federal system. He noted that although the resource levels were greatly different, the two governments had similar responses to similar challenges, citing as an example his Labor Ministry's efforts to decentralize operations. Although Argentina had traditionally looked to Europe as a model for its labor relations, the Secretary's remarks reminded him that the U.S. was a more appropriate model. He said that during the Kirchner administration, unemployment fell from 23% to 8% due to high rates of GDP growth. He said the GOA's challenge was to reach workers who were far removed from the market economy as well as disadvantaged sectors, including youth and women, that were vulnerable. He said Cristina Kirchner was particularly keen on seeing improvements in conditions for women workers. Secretary Chao noted that DOL had a Women's Bureau, and that DOL had a long-standing commitment to assisting women with special needs. She noted, for example, that young, single mothers faced limited career prospects, and that DOL therefore directed some of its assistance to help integrate them into the workforce.

Comment

19. (SBU) Minister Tomada was genuinely pleased by his meeting with Secretary Chao and the frank tenor of the conversation on several

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issues of great relevance to the GOA. Following on other productive GOA contacts at the working level with DOL's Employment and Training Administration and Bureau of Labor Statistics, this meeting served us well in renewing Tomada's interest in closer cooperation with the United States.

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